GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

STARRED QUESTION NO:344
ANSWERED ON:23.12.2008
PROMOTION OF SMALL SCALE INDUSTRIES
Patel Shri Kishanbhai Vestabhai;Singh Shri Ganesh

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a): whether the Government proposes to boost the Small Scale Industries (SSIs) in various States;

(b): if so, the details thereof;

(c): the funds earmarked for 2008-09 as compared to previous year in this regard;

(d): whether any meeting with the representatives of SSIs was held recently;

(e): if so, the details of the issues discussed, their major demands, reaction of the Government thereto; and

(f): the corrective steps taken by the Union Government to support and protect SSIs in the country in the prevailing economic environment?

Answer

MINISTER OF MICRO,SMALL & MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a) to (f) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA STARRED QUESTION NO. 344 FOR ANSWER ON 23.12.2008

(a)&(b): The promotion and development of micro and small enterprises (MSEs) is primarily the function of the respective State Government/Union Territory(UT) Administrations.The Central Government supplements the efforts of the States/UTs by providing supportive measures to boost the development and promotion of MSEs and enhance their competitiveness uniformly all over the country through specific ongoing and new schemes/initiatives which,inter alia,include schemes for technological upgradation, accessing markets, improved infrastructure, better availability of credit,facilities for training and capacity building of entrepreneurs, etc.Towards this end, the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 has been enacted and brought into force w.e.f. 2 October 2006

(b) The over all budgetary provision during the 2008-09 for these supportive on going and new initiatives of the Ministry of MSME is Rs.1854 crore as against Rs.1548.25 crore for the year 2007-08.

(d) to(f): Yes,Sir.Some of the major issues raised by the representatives of MSE Associations relate to reduction in orders(domestic as well exports),delay/deferment of payments by the big enterprises,credit availability from the banks and other fiscal issues.

The Government has been continuously monitoring the situation and has announced on 7th December 2008 measures to support the MSME sector, which inter alia include cut of 4 per cent in the ad valorem Cenvat rate, ensure prompt payment of bills of MSMEs by the Central/State Public Sector Enterprises,modifications in the Credit Guarantee Scheme and 2 per cent interest subvention for SME exporters.In addition, the Reserve Bank of India and the Public Sector Banks have taken steps to augment credit flow to the MSME sector at lower interest rates.